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李 氏 大 藥 廠

Lee's Pharmaceutical Holdings Limited

李 氏 大 藥 廠 控 股 有 限 公 司 *

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 950)

CONNECTED TRANSACTION SUBSCRIPTION OF SHARES IN A CONNECTED SUBSIDIARY

CONNECTED TRANSACTION

On 14 March 2018, each of LPI (a wholly-owned subsidiary of the Company) and PCH subscribed for 6,500 and 3,500 shares of COF at the consideration of US\$468,000 and US\$252,000 respectively. Upon completion of the Subscriptions, the entire issued shares of COF were held by LPI and PCH as to 65% and 35% respectively.

LISTING RULES IMPLICATIONS

PCH Subscription

As at the date of the Subscriptions, Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi were the Directors and substantial Shareholders who were connected persons of the Company. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi held a total of 90% equity interest in PCH and therefore, PCH was an associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and was a connected person of the Company.

As PCH is a connected person of the Company, the PCH Subscription constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, such a subscription was fully exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules because the number of shares of COF subscribed by PCH in the PCH Subscription was allocated on pro-rata basis as per the shareholding structure of COF.

LPI Subscription

As at the date of the Subscriptions, COF was a non-wholly owned subsidiary of the Company which was owned as to 65% by LPI and 35% by PCH, which is a connected person of the Company. As PCH exercises and controls 10% or more of the voting power of COF, COF is a connected subsidiary of the Company under the Listing Rules. Accordingly, the LPI Subscription constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, which shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules as all of the relevant percentage ratios for the LPI Subscription and Previous LPI Subscriptions, on a standalone and on an aggregated basis, exceeded 0.1% but was less than 5%.

CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 3 January 2018.

On 14 March 2018, each of LPI (a wholly-owned subsidiary of the Company) and PCH subscribed for 6,500 and 3,500 shares of COF at the consideration of US\$468,000 and US\$252,000 respectively. Upon completion of the Subscriptions, the entire issued shares of COF were held by LPI and PCH as to 65% and 35% respectively.

The consideration for each of the LPI Subscription and PCH Subscription was determined with reference to the potential investments and the working capital needs of COF and the proportion of the respective shareholding of LPI and PCH in COF. The consideration for each of the LPI Subscription and PCH Subscription was paid in cash.

INFORMATION ON THE GROUP, LPI, PCH AND COF

The principal activities of the Group are the development of, manufacturing of and sales and marketing of pharmaceutical products.

LPI is a wholly-owned subsidiary of the Company and is an investment holding company.

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi are the Directors and substantial Shareholders who are connected persons of the Company. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi hold a total of 90% equity interest in PCH and therefore, PCH is an associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and is a connected person of the Company. PCH is principally engaged in investment holding.

The entire issued shares of COF is held as to 65% and 35% by LPI and PCH. COF is principally engaged in development of oncology pharmaceutical products.

According to the management accounts of COF as at 28 February 2018, the unaudited net liabilities of COF was approximately HK\$14,911,929.

The audited net loss before taxation and extraordinary items and net loss after taxation and extraordinary items of COF for the two financial years immediately preceding the LPI Subscription was as follows:

	Year ended 31 December 2015 HK\$	Year ended 31 December 2016 HK\$
Net loss before taxation and extraordinary items	(6,206,005)	(20,182,924)
Net loss after taxation and extraordinary items	(6,206,005)	(20,182,924)

REASONS FOR AND BENEFITS DERIVED FROM THE LPI SUBSCRIPTION

The Board considers that the LPI Subscription will strengthen COF's financial standing and capabilities to promote its principal business.

The Directors (including the independent non-executive Directors) consider the terms of the LPI Subscription are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, being executive Directors and substantial Shareholder, are interested in the issued share capital of PCH, and in view of such interests, they are considered to have an interest in the transactions contemplated under the LPI Subscription, and is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the LPI Subscription. Save for the above, no Director has a material interest in the transactions contemplated under the LPI Subscription, and none of them is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the LPI Subscription.

LISTING RULES IMPLICATIONS

PCH Subscription

As at the date of the Subscriptions, Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi were the Directors and substantial Shareholders who were connected persons of the Company. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi held a total of 90% equity interest in PCH and therefore, PCH was an associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and was a connected person of the Company.

As PCH is a connected person of the Company, the PCH Subscription constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, such a subscription was fully exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules because the number of shares of COF subscribed by PCH in the PCH Subscription was allocated on pro-rata basis as per the shareholding structure of COF.

LPI Subscription

As at the date of the Subscriptions, COF was a non-wholly owned subsidiary of the Company which was owned as to 65% by LPI and 35% by PCH, which is a connected person of the Company. As PCH exercises and controls 10% or more of the voting power of COF, COF is a connected subsidiary of the Company under the Listing Rules. Accordingly, the LPI Subscription constituted a connected transaction of the Company under Chapter 14A of the Listing Rules, which shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules as all of the relevant percentage ratios for the LPI Subscription and Previous LPI Subscriptions, on a standalone and on an aggregated basis, exceeded 0.1% but was less than 5%.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“COF”	China Oncology Focus Limited, a company incorporated in the British Virgin Islands
“Company”	Lee’s Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued shares listed on the main board of the Stock Exchange

“connected person(s)”	has the meaning as ascribed under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“LPI”	Lee’s Pharmaceutical International Ltd, a company incorporated under the laws of the British Virgin Islands
“LPI Subscription”	the subscription of 6,500 shares of COF by LPI on 14 March 2018
“PCH”	Perfect Concept Holdings Ltd, a company incorporated under the laws of Hong Kong
“PCH Subscription”	the subscription of 3,500 shares of COF by PCH on 14 March 2018
“percentage ratios”	has the meaning as ascribed under the Listing Rules
“Previous LPI Subscriptions”	the subscriptions of 7,799, 11,700, 1,300, 650, 4,550, 5,200, 4,550, 2,730 and 2,470 shares of COF by LPI on 19 September 2014, 13 October 2014, 3 February 2015, 29 May 2015, 11 December 2015, 12 September 2016, 2 December 2016, 23 January 2017 and 23 February 2017 respectively
“PRC”	the People’s Republic of China
“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriptions”	the subscriptions of 6,500 and 3,500 shares of COF by LPI and PCH respectively on 14 March 2018
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board of
Lee’s Pharmaceutical Holdings Limited
Lee Siu Fong
Chairman

Hong Kong, 14 March 2018

* *For identification purpose only*

As at the date of this announcement, Ms. Lee Siu Fong (Chairman), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive Directors, Mr. Simon Miles Ball is a non-executive Director, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive Directors.